

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND FAMILY SERVICES
DIVISION OF MANAGEMENT AND TECHNOLOGY
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

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| TOPIC: Section 14--Federal Funds 4.2 | EFFECTIVE DATE: 11/30/87 |
| TITLE: Indirect Rates--Wisconsin Indian Tribes | REVISION DATE: 06/20/97 |
| AUTHORIZED BY: Cheryl Thompson, Deputy Director | PAGE 1 OF 2 |

BACKGROUND

The eleven American Indian tribes of Wisconsin may claim per their federally approved indirect cost rate up to a maximum of 20% (see June 20, 1997 letter from Joe Leean) whenever they are allocated or awarded any state or federal funds administered by this Department. Exceptions to this policy may be approved by the Secretary of the Department of Health and Family Services.

A tribe may elect not to claim the full indirect cost rate because it would decrease the funds available for programming. The Department will not increase the amount of an allocation or award to allow for indirect costs; rather, a tribe(s) would be informed of the amount of funds available to them, and they have the option of either:

- * using all the dollars for the program; or
- * claiming part or all of their approved federal indirect cost rate up to 20%.

POLICY

The Department will use the most recent federally approved indirect cost rate applicable to the eleven Wisconsin tribes. Tribes will be allowed to modify their contracts to reflect a new federally approved indirect cost rate if it has been approved during the current contract period and the subsequent close-out period.

DHFS Program Requests to Limit Indirect Reimbursement at Less Than the Maximum Allowable Rate. Requests for waivers must be submitted to the Secretary of the Department detailing the justification for not permitting a tribe to claim their full federally approved indirect cost rate. The Secretary reserves the authority to approve or deny such requests.

Tribal Requests for Indirect Reimbursement of More Than 20% . In no case will reimbursement be allowed in excess of the Federally approved rate. The Department will consider an indirect cost rate in excess of 20% if the tribe submits a justification for the higher rate to Nancie Young. The higher rate should not be used unless and until approved in writing by the Department.

CONTACT PERSON

For current indirect cost rates:

Nancie Young
Office of Strategic Finance
(608) 266-5862



State of Wisconsin
Department of Health and Family Services

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Tommy G. Thompson, Governor
Joe Lekan, Secretary


June 20, 1997

Thank you for the opportunity to discuss the tribal indirect costs rates with your representative. The discussion was very informative and I appreciate the candor expressed in explaining how the tribal indirect costs are developed and the impact of the rates on tribal operations.

The Department needs to limit the amount of indirect overhead costs allocated to our grants. Therefore as a general rule, DHFS is limiting the indirect cost rate to 20% to achieve this goal. The Department wants to accommodate your efforts to capture additional federal funds and will consider an indirect cost rate in excess of 20% if the tribe submits a justification for a higher rate. The justification must include documentation that all costs included in your indirect rate calculations are allocated in accordance with the principles outlined in the Office of Management and Budget's Circular A-87:

- must be allowable under the Circular.
- must be distributed uniformly to both Federal awards and other activities of the tribe.
- must be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award.
- must be necessary for performance of the federal award.

Please send your justification to Nancie Young, Tribal Affairs Manager. The justification will be reviewed by Department staff and a decision will be communicated to the tribe in a timely manner to assist you in your planning for the 1998 contract year.

Sincerely,

Joe Lekan
Secretary